

INTERNET BANKING

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**Market
Intelligence
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**Winning part of \$272 billion deposit market prompts leading
online HIOSA financial institutions to form new Co-operative
Pooling facility**

FINAL RELEASE

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Winning part of \$272 billion deposit market prompts leading online HIOSA financial institutions to form new Co-operative Pooling facility.

The MISC (Market Intelligence Strategy Centre) announced today the launch of a new Internet Banking Industry Pool to specifically measure and report on High Interest Online Savings accounts (HIOSA). This new MISC initiative comes at a time when several major financial institutions have recently launched their own HIOSA accounts to match those of ING Direct and regional banks like Suncorp and BankWest as well as second tier banks like Members Equity, HSBC and Citibank. MISC’s preliminary research scoping suggests that the HIOSA market already has captured more than 1.7 million online deposit products and is either eroding or expanding the \$272 billion (December 05) traditional saving and short term deposit markets that flow from the more traditional physical banking channels. According to MISC Internet Banking Pool results released last year, HIOSA’s have been partly responsible for lifting online Internet banking accounts by 25% in the last year and establishing a new online benchmark of cross sell success reflected though four accounts held (on average by Internet bankers) along side 2.4 held offline. (See earlier press release dated 13 October 2005).

Inaugural Contributing Bank Pool Membership:

HIOSA Members of the MISC Internet Banking Pool

| Consumer | Business |
|--|--|
| Financial Institution - Product Name | Product Name - Financial Institution |
| <p>ESANDA - Online Saver</p> <p>BankWest - TeleNet Saver</p> <p>▶ ING Direct - Savings Maximiser</p> <p>NAB - National iSaver</p> <p>*Suncorp - Everyday Options Sub-Account</p> <p>Westpac - Max-i Direct</p> | <p>Business Cash Management Account - BankWest</p> <p>▶ Business Optimiser - ING Direct</p> <p>Business Cash Maximiser - NAB</p> <p>*Suncorp - Business Investment Account Options</p> <p>Business Max-i Direct - Westpac</p> |

75%
of HIOSA Accounts in operation

Total HIOSA Product Accounts

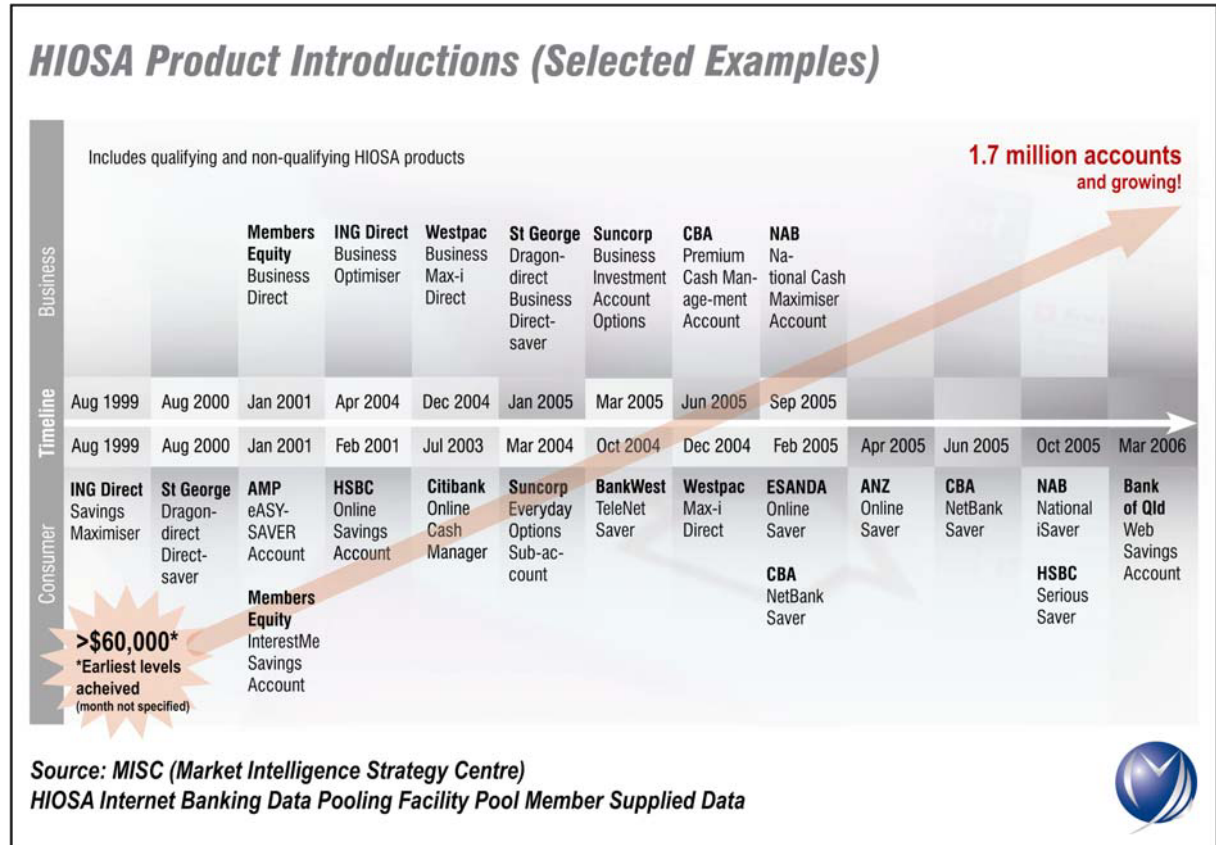
*Subject to current Suncorp validation

▶ Despite the initial exclusion of ING Direct from the inaugural pool membership, with the quarterly APRA reporting of ING deposit accounts (all of which are HIOSA) MISC will deploy its Internet Banking benchmarked behavioural models built over 20 quarters to input relevant ING customer deposits and transaction behaviour.

Source: MISC (Market Intelligence Strategy Centre)
HIOSA Internet Banking Data Pooling Facility Pool Member Supplied Data

MISC (Market Intelligence Strategy Centre) announced today that the new HIOSA banking Industry Pool commenced with its initial September quarter data collection derived from most major institutions in the HIOSA products space. The inaugural data contributing members of the new HIOSA pool include BankWest, Esanda, National Australia Bank Suncorp* and Westpac. With special MISC modelled (APRA reconciled) ING Direct measures, MISC says, these members in aggregate comprise at least 75% of the estimated current HIOSA market. The first pool results were released today and now more accurately define the precise coverage. This new initiative is particularly timely given the recent introduction of HIOSA business accounts and the entry of many major banks into the HIOSA space as well as niche banks like HSBC and Bank of Queensland.

HIOSA penetration reaches 1.7 million accounts in 6 years



While the first HIOSA products were introduced by ING Direct (Saving Maximiser) in 1999 with Members Equity offering its Interest Me 18 months later, other smaller banks followed but by 2003/4 the HIOSA market evolved further as existing and new financial institutions provided small business targeted products as well as consumer based offerings. This together with regional bank involvement via BankWest and Suncorp, provided a second phase in the development of the market and one that set the theme for further new financial institution involvement to come. A further milestone, and the one that coincides more directly with this co-operative bank initiative was the entrance of the major banks. Westpac was among the first of these in 2004, launching a business and consumer offering, followed by Esanda in March 2005 and (consumer only) Commonwealth Bank offering in June 2005. The National Australia Bank recently followed this with its ISaver Account for consumers in addition to a special business Cash Maximiser account. In the last few months Bank of Queensland added its Web Savings Account and HSBC its Serious Saver.

The industry co-operative “census styled collection” is a mirror of the well-respected MISC Internet Banking Pool, which was established in 2000. Like it, the new HIOSA pool will finally deliver a reliable and regular measurement of the growth of HIOSA account uptake and Internet banking users of these new deposit products. Through the new HIOSA Banking Data Pooling Facility (developed by MISC), this group of Australia’s leading HIOSA financial institution innovators have agreed to pool their statistics on HIOSA banking service activity on a quarterly basis.

A primary functionary goal of the facility is to provide the first measures of not only the true extent of this new online savings product but to provide accurate measures of its inroads into the traditional deposit markets. The impact of these products and their transaction accounts have yet to be observed fully and it is hoped that quarterly customer behavioural monitoring provided by the facility will enable banks to see how these products change Internet banking transaction behaviour. Accordingly, MISC says, the Facility should be viewed as a progressive and pro-active attempt to provide pool participants with an independent, quantifiable and verifiable assessment of market performance and trends.

Essentially the exciting 'data pooling' initiative determines for the first time the true HIOSA uptake across all financial institution players and importantly allows HIOSA market share to be measured against all deposit activity collected by APRA. The pool structure ensures that an independent facilitator acts as a conduit for the data collection, analysis and interpretation. The MISC-run facility determines not only the true size of the HIOSA market but also delivers, for participants, their individual confidential relative market share positions. To track the markets development, MISC will co-ordinate 90-day data pooling measures to which all participants will confidentially contribute. The subsequent quarterly reports delivered by MISC will provide the various pool participants with the opportunity to monitor performance.

QUALIFYING HIOSA PRODUCT OFFERING - NOVEMBER 2005 - HIOSA FEATURES

Consumer Product

| Bank | Account Name | Rate > \$5,000 | Fixed Term | Minium Deposit Level | Variable Interest | Access Electronic Only | Cheque withdrawal | Cheque Deposit | Direct Debit | Direct Credit | BPay | Overdraft Facility | Withdrawal Transfer Only | Access to Account** |
|------------|------------------------------|----------------|------------|----------------------|-------------------|------------------------|-------------------|----------------|--------------|---------------|------|--------------------|--------------------------|--------------------------------------|
| BankWest* | TeleNet Saver | 5.50 to 6.00# | X | X | CD, PM | √ | X | X ² | √ | √ | X | X | √ | |
| Suncorp | Everyday Options Sub-Account | 5.553 | X | X | PM | √ | X | X | √ | √ | √ | X | √ | Statement |
| Esanda | Esanda Online Saver | 5.55 | X | X | CD, PM | √ | X | X | X | √ | X | X | √ | Phone ³ |
| Westpac | Max-i Direct | 5.25 to 5.50## | X | X | CD, PM | √ | X | √ | X | √ | X | X | √ | branch access is available at a cost |
| NAB | National iSaver | 5.45 | X | X | CD, PM | √ | X | X ² | X | √ | X | X | √ | |
| ING Direct | Savings Maximiser | 5.40 | X | X | CD, PM | √ | X | X | X | √ | X | X | √ | |
| St George | Dragondirect Directsaver | 5.25 | X | X | CD | √ | X | X | X | √ | X | X | √ | |
| HSBC+ | Serious Saver | 5.70 | X | X | CD, PM | √ | X | X ² | X | √ | X | X | √ | Statements |

Business Product

| Bank | Account Name | Rate > \$5,000 | Fixed Term | Minium Deposit Level | Variable Interest | Access Electronic Only | Cheque withdrawal | Cheque Deposit | Direct Debit | Direct Credit | BPay | Overdraft Facility | Withdrawal Transfer Only | Access to Account* |
|----------------|------------------------------------|----------------|------------|----------------------|---------------------|------------------------|-------------------|----------------|--------------|---------------|------|--------------------|--------------------------|--------------------------------------|
| Suncorp | Business Investment Account Option | 5.40 | X | X | CD, PM | X | X | X | √ | √ | √ | X | √ | |
| Westpac | Business Max-i Direct | 5.25 | X | X ¹ | CD, PM | √ | X | √ | X | √ | X | X | √ | branch access is available at a cost |
| NAB | Cash maximiser Account | 5.20 to 5.40 | X | X ¹ | CD, PM ⁴ | √ | X | X | X | √ | X | X | √ | |
| ING Direct | Business Optimiser | 5.25 | X | X | CD, PM | √ | X | √ ⁶ | X | √ | X | X | √ | |
| St George | Dragondirect Business Directsaver | 5.25 | X | X | CD | √ | X | X | X | √ | X | X | √ | |
| Members Equity | Business Direct | 5.50 | X | X | CD, PM | √ | X | X | X | √ | X | X | √ | |

CD= calculated daily, PM = paid monthly, ¹Initial minium deposit, ²Initial deposit only, ³Restricted phone banking hours, ⁴No interest paid if balance below \$10,000, ⁵Option of annual payment, ⁶Deposit by cheque, send in by mail, * BankWest introduced \$1 million cap in December 2004, ** other than phone & internet access, # special introductory rate. 12 month variable, ## over \$500,000, + HSBC Online Saver Account offers Cheque withdrawal. Its exclusion herein takes no account that this feature is optional. Excludes new Bank of Queensland Account as it is currently under HIOSA review.

Source: MISC (Market Intelligence Strategy Centre) HIOSA Internet Banking Data Pooling Facility Pool Membership Supplied Data



Definition Qualification:

Not all claimed on line high interest products qualify as HIOSA 's according to the strict bank approved definitional constraints applied by the pool. A HIOSA, by pool approved definition, is defined as a deposit product specifically designed as a savings vehicle, that once opened/registered, can be accessed via the Registered Customer's Internet Banking Facility (access dependent upon registered user requirements). Access is restricted to electronic means and does not include cheque withdrawal or withdrawal over-the-counter at a branch. The account carries no overdraft facility. The account may have been opened online via a bank's website through which online account and product procurement is available to both non-registered and registered Internet bankers or offline at a branch. High Interest is defined as interest that is more closely aligned with the official cash rate, expected to be at least 250 basis points above a bank's standard offline passbook savings account (high interest could alternatively be defined as a rate within a certain margin below the official cash rate).

Several offerings have several features common to the HIOSA but fail to ultimately qualify because of their access provision. The earlier HSBC product (not the new Serious Saver) had many of the attributes common to other HIOSA offerings but it was not exclusive to Internet Banking and electronic access channels. The Suncorp offering is something of a Hybrid with offline application as well but MISC measures only the Online component. *This measure is subject to current Suncorp validation. The Members Equity consumer product is ultimately excluded because of its extensive physical (not electronic) access. Because the Citibank business offering is provided over-the-counter, it warrants exclusion as well.

Scope of Reporting:

Through contributed data from existing pool members the MISC Internet Banking HIOSA Supplement covers 75% of these balances. Extrapolation of the remaining balances has been completed by MISC through a survey of banks, whose HIOSA accounts comprise the remaining 25% of balances not included in the pool collection.

For further information on this unique service please contact MISC Marketing.

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